

**COMSTOCK PARK
PUBLIC SCHOOLS
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2006

COMSTOCK PARK PUBLIC SCHOOLS
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For the year ended June 30, 2006

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

July 17, 2006

The Board of Education
Comstock Park Public Schools

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Comstock Park Public Schools (the "District") as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Comstock Park Public Schools as of June 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2006 on our consideration of Comstock Park Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Comstock Park Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2006

As management of the Comstock Park Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis
June 30, 2006

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

	2006	2005
Assets		
Current assets	\$ 4,659,069	\$ 5,017,449
Capital assets	30,886,834	31,661,230
Total Assets	35,545,903	36,678,679
Liabilities		
Current liabilities	3,935,493	4,296,650
Long-term liabilities	42,567,120	43,388,505
Total Liabilities	46,502,613	47,685,155
Net Assets		
Invested in capital assets, net of related debt	(11,849,701)	(11,764,778)
Restricted	(89,860)	(167,890)
Unrestricted	982,851	926,192
Total Net Assets	\$ (10,956,710)	\$ (11,006,476)



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2006

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net assets for the year.

The Statement of Activities presents changes in net assets from operating results:

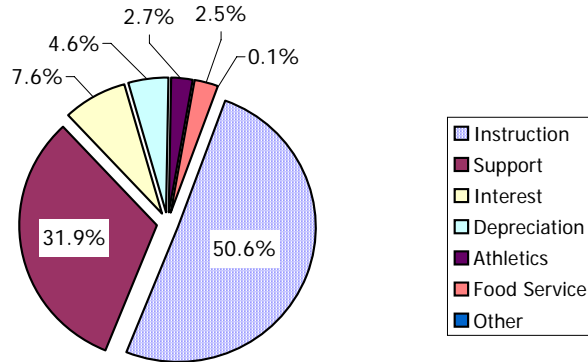
	2006	2005
Program Revenues		
Charges for services	\$ 644,604	\$ 621,409
Operating grants	3,098,781	2,673,876
General Revenues		
Property taxes	5,533,645	4,982,864
State school aid, unrestricted	14,434,490	13,911,720
Interest earnings	75,619	35,826
Other	202,857	112,225
Total Revenues	<u>23,989,996</u>	<u>22,337,920</u>
Expenses		
Instruction	11,934,992	10,910,409
Supporting services	7,590,644	6,869,279
Community services	3,044	3,226
Food service	653,075	545,657
Athletics	661,816	580,309
Other	48,926	27,537
Interest on long-term debt	2,131,840	1,643,039
Interest expense	915,893	981,113
Total Expenses	<u>23,940,230</u>	<u>21,560,569</u>
Increase in net assets	49,766	777,351
Net Assets - Beginning of Year	<u>(11,006,476)</u>	<u>(11,783,827)</u>
Net Assets - End of Year	<u>\$ (10,956,710)</u>	<u>\$ (11,006,476)</u>



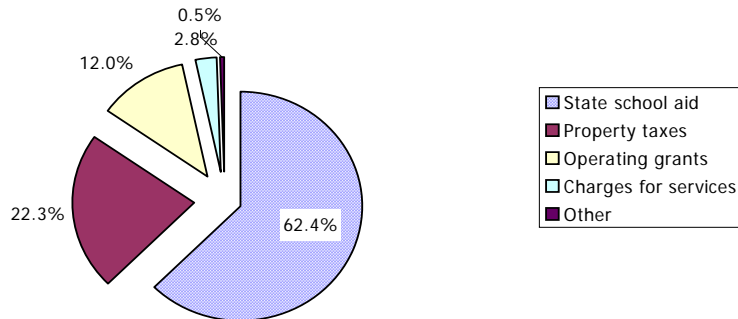
COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis
June 30, 2006

Expenses by Category-All Funds



Revenues by Source-All Funds



Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Growth during the year in taxes and grants was a significant contributor to the revenue increases. Another factor was the mid-year budget reductions required by the decrease in state school aid funding.

The District's total revenues increased 7.40 percent to \$23.99 million. Property taxes and state aid accounted for most of the District's revenue, contributing about 83 cents of every dollar raised. Another 13 percent came from state and federal aid for specific programs and the remainder from fees charged for services and miscellaneous sources.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis
June 30, 2006

The total cost of all programs and services increased 11 percent to \$23.9 million. The District's expenses are predominantly related to staff salaries and benefits which amount to 84.9 percent of the total. Health insurance costs alone increased by 15.1%. The District's expenses related to instructing, caring for (pupil services) and transporting students are about 56 percent of total expenses. The District's administrative and business activities accounted for 9 percent of total costs. Operation and maintenance expenses accounted for 8 percent.

Total revenues exceeded expenses on the Statement of Activities by \$49,766 due mostly to a budgeted proration from the State that did not occur as well as increased funds through the ISD.

- The cost of all governmental activities this year was \$23.9 million.
- Some of the cost was financed by the users of the District's programs (\$.64 million).
- The federal and state governments subsidized certain programs with grants and contributions (\$3.1 million).
- Most of the District's costs (\$20.2 million), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$5.53 million in property taxes, \$14.4 million of unrestricted state aid based on the statewide education aid formula and investment earnings.
- The District has also worked to reduce costs in many areas through collaboration with other districts, changing contracted vendors, utilization of governmental reimbursement programs where possible and shopping for the best pricing. The administration will push to increase these and other cost saving programs for the next fiscal year. It will be essential in the future that the District continue to try to reduce expenditures and maximize revenues.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis
June 30, 2006

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds and Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Comstock Park Public School's funds are described as follows:

Major Fund

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$19,866,370, total expenditures of \$19,417,722 and other financing uses of \$389,644. It ended the fiscal year with a fund balance of \$1,277,931, up from \$1,218,927 as of June 30, 2005.

Nonmajor Funds

Special Revenue Funds

The District operates two Special Revenue Funds, for the food service and athletics programs. Total revenues were \$840,765 and other financing sources were \$389,644, with total expenditures of \$1,261,485. The ending fund balances were \$11,802 for Food Service and \$1,075 for the Athletic Fund.

Debt Service Funds

The District operates six Debt Service Funds. Total revenues were \$2,927,384 and other financing sources were \$324,222. Total expenditures were \$3,128,980, and other financing uses of \$93,200. Ending fund balances totaled \$93,805.

Capital Projects Fund

There is one Capital Projects Fund incorporated into the financial statements of the District. It is the Building and Site Fund which had revenues of \$353,268 and expenditures of \$339,892. The ending fund balance was \$13,376.

Fiduciary Funds

The Student Activity Fund is operated as an Agency Fund of the District. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2006 totaled \$184,609.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget three times. These budget amendments fall into two categories:

- Changes made to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year..
- Final changes made in May for increases in appropriations to prevent budget overruns.



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis
June 30, 2006

Although the District's final budget for the General Fund anticipated that revenues would exceed expenditures by \$26,876, the actual results for the year show an excess of revenues over expenditures of \$59,004.

- Actual revenues were \$93,289 higher than expected, due to a second Medicaid reimbursement from KISD.
- Actual expenditures were \$62,287 higher than budget, due primarily to unspent line items in specific budgets, including grants.

State of Michigan, Unrestricted Aid

The State of Michigan aid, unrestricted, is determined by the following variables:

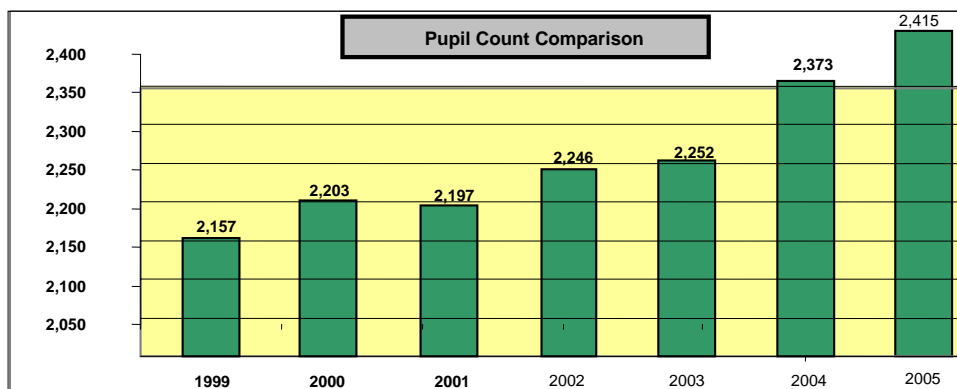
- State of Michigan State Aid Act per student foundation allowance.
- Student Enrollment – blended at 80% of the current year fall count and 20% of the prior year winter count.
- The District's non-homestead property tax levy.

Per Student Foundation Allowance:

- Annually, the State of Michigan sets the per student foundation allowance. The District's foundation allowance for 2005-06 was \$6,890 per student. The foundation allowance for 2006-07 is set at \$7,100 which is an increase of \$210 per student. At this time, because of the gradual improvement of the economic condition of the State of Michigan, we are not anticipating a mid-year reduction for the 2006-07 school year.

Student Enrollment:

The District's student enrollment for the fall count of 2005-06 was 2,415 students. The District's enrollments have gradually increased in the past five years with a flat or slight increase expected for 2006-07. The following summarizes fall student enrollments:



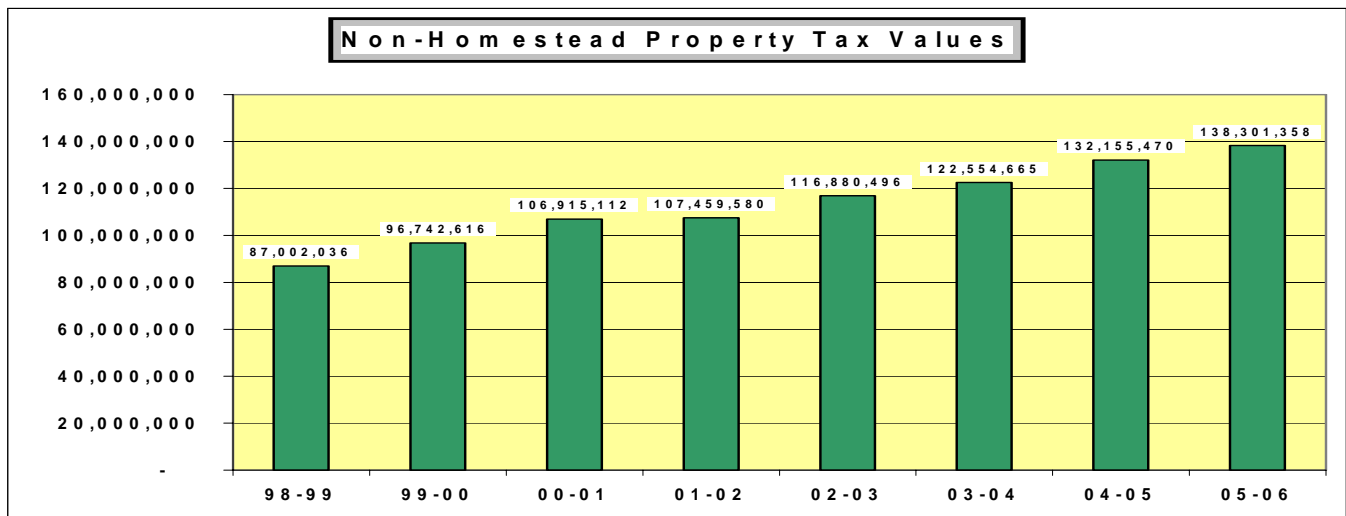


COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis
June 30, 2006

Non-homestead Levy:

The District levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties.



Capital Asset and Debt Administration

Capital Assets

By the end of 2006, the District had a \$47.9 million investment in a broad range of capital assets, including land, school buildings, athletic facilities, furniture, computer equipment and software, and administrative offices.

The District's fiscal year 2007 budget projects spending over \$300,000 for capital projects. This extra money is mainly due to the additional funding from the Sinking Fund ballot proposal that was passed in May of 2005, enabling the District to complete additional projects.

At June 30, 2006, the District's investment in capital assets (net of accumulated depreciation), was \$30,886,834. Capital asset purchases totaled \$509,755 for the fiscal year with accumulated depreciation increasing \$1,284,150, leaving a net reduction in the book value of capital assets of \$774,396.

Land	\$ 640,410
Land improvements	393,267
Buildings	28,391,476
Vehicles	1,233,828
Furniture and equipment	227,853
Net Capital Assets	\$ 30,886,834



COMSTOCK PARK PUBLIC SCHOOLS

Management's Discussion and Analysis
June 30, 2006

Long-Term Debt

At year end, the District had \$44.2 million in general obligation bonds and other long-term debt outstanding – a net decrease of \$752,877 from last year.

- The District continued to pay down its debt, retiring \$1.42 million of outstanding bonds, loans and leases.
- The District borrowed \$231,022 from the State School Bond Loan Program to supplement local tax levies for bond debt service payments.

The District's bond rating for General Obligation, Unlimited Tax debt remains "Aaa". The District's other obligations include severance pay, early retirement incentive and accumulated sick leave. There is more detailed information about our long-term liabilities in the Notes to the Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- A new one-year labor agreement was approved in July 2006. The economic package contained in the new contract provides for a 2 percent annual increase plus steps for support staff and certified staff. It also provides fully paid MESSA Choices II health insurance or the option of MESSA Super Care I health insurance with a staff co-pay equal to the difference of the package costs.
- Our elected officials and administration considered many factors when setting the School District's 2006-07 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2006-07 fiscal year is 25 percent and 75 percent of the February 2006 and September 2006 counts, respectively. The 2006-07 fiscal year budget was adopted in May 2006, based on an estimate of students that will be enrolled in September 2006. Approximately 65 percent of total General Fund revenues is from the foundation allowance. Under State law, a school district cannot access additional property tax revenue for general operations. As a result, funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2006-07 school year, we anticipate that the fall student count will be over the estimates used in creating the 2006-07 fiscal year budget. Once the final student count and related pupil funding is validated, State law requires a school district to amend the budget if actual District resources are not sufficient to fund original appropriations.
- Since a school district's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue estimating conference to estimate revenues. The anticipated results of the January, 2006 conference indicate that the State would be increasing funding to the District by an estimate of \$210 per pupil.



COMSTOCK PARK PUBLIC SCHOOLS

**Management's Discussion and Analysis
June 30, 2006**

- Due to the stagnant economy in the State of Michigan, the 2006-07 fiscal year budget was developed with the assumption another “negative supplemental” would again be received. Previous cuts were continued in all areas of the District to achieve a balanced budget for 2006-07 despite rising costs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Comstock Park Public Schools, 101 School St. NE, Comstock Park, MI, 49321. Contact by e-mail: jkasul@cppschoools.com.

BASIC FINANCIAL STATEMENTS

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2006

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash	\$ 800
Cash equivalents, deposits and investments (Note B)	332,706
Taxes receivable (Note C)	175,088
Accounts receivable	1,015
Due from other governmental units (Note C)	3,109,407
Inventory (Note A)	7,583
Unamortized bond issue costs	1,032,470
Total Current Assets	<u>4,659,069</u>
Noncurrent Assets	
Capital assets (Note E)	47,914,161
Less accumulated depreciation	(17,027,327)
Total Noncurrent Assets	<u>30,886,834</u>
Total Assets	<u>35,545,903</u>
Liabilities	
Current Liabilities	
Accounts payable	303,685
State aid anticipation loan payable (Note F)	500,000
Due to other governmental units	317,699
Accrued interest payable	258,777
Salaries payable	936,637
Deferred revenue	3,125
Current portion of long term obligations	1,615,570
Total Current Liabilities	<u>3,935,493</u>
Noncurrent Liabilities (Notes A, G)	
General obligation bonds payable	31,780,000
Durant nonplaintiff bonds payable	217,087
School bond loan payable	11,766,756
Capital leases payable	5,010
Severance pay	27,600
Early retirement incentive	150,813
Accumulated sick leave	235,424
Current portion of long term obligations	(1,615,570)
Total Noncurrent Liabilities	<u>42,567,120</u>
Total Liabilities	<u>46,502,613</u>
Net Assets	
Invested in capital assets, net of related debt	(11,849,701)
Restricted for:	
Capital outlay	16,300
Debt service	(106,160)
Unrestricted	982,851
Total Net Assets	<u><u>\$(10,956,710)</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 11,934,992	\$ 96,160	\$ 2,378,717	\$ (9,460,115)
Supporting services	7,590,644	22,661	376,127	(7,191,856)
Community services	3,044	-	-	(3,044)
Food service	653,075	300,063	313,363	(39,649)
Athletics	661,816	225,720	-	(436,096)
Other	48,926	-	-	(48,926)
Interest on long-term debt	2,131,840	-	30,574	(2,101,266)
Depreciation - unallocated	915,893	-	-	(915,893)
Total Governmental Activities	\$ 23,940,230	\$ 644,604	\$ 3,098,781	(20,196,845)
General Revenues				
Taxes:				
Property taxes, levied for general operations				2,330,037
Property taxes, levied for debt service				2,852,576
Property taxes, levied for building and site				351,032
State school aid, unrestricted				14,434,490
Interest and investment earnings				75,619
Other				202,857
Total General Revenues				20,246,611
Change in Net Assets				49,766
Net Assets - Beginning of Year				(11,006,476)
Net Assets - End of Year				<u>\$(10,956,710)</u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Assets			
Cash	\$ 800	\$ -	\$ 800
Cash equivalents, deposits and investments (Note B)	182,313	150,393	332,706
Taxes receivable (Note C)	119,279	55,809	175,088
Accounts receivable	-	1,015	1,015
Due from other funds (Note D)	-	154,525	154,525
Due from other governmental units (Note C)	3,082,728	26,679	3,109,407
Inventory (Note A)	-	7,583	7,583
Total Assets	<u><u>\$ 3,385,120</u></u>	<u><u>\$ 396,004</u></u>	<u><u>\$ 3,781,124</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 217,391	\$ 72,895	\$ 290,286
State aid loan payable (Note F)	500,000	-	500,000
Due to other funds (Note D)	14,958	139,567	154,525
Due to other governmental units	310,024	7,675	317,699
Accrued interest payable	5,775	-	5,775
Salaries payable	936,637	-	936,637
Deferred revenue	122,404	55,809	178,213
Total Liabilities	<u><u>2,107,189</u></u>	<u><u>275,946</u></u>	<u><u>2,383,135</u></u>
Fund Balances			
Reserved for:			
Capital outlay	-	13,376	13,376
Debt service	-	93,805	93,805
Unreserved:			
Undesignated, reported in:			
General fund	1,277,931	-	1,277,931
Special revenue funds	-	12,877	12,877
Total Fund Balances	<u><u>1,277,931</u></u>	<u><u>120,058</u></u>	<u><u>1,397,989</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 3,385,120</u></u>	<u><u>\$ 396,004</u></u>	<u><u>\$ 3,781,124</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2006

Total governmental fund balances		\$ 1,397,989
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$47,914,161 and accumulated depreciation is \$17,027,327.		
		30,886,834
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		
		1,032,470
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(31,780,000)	
Durant non-plaintiff bonds	(217,087)	
State school bond loan	(11,766,756)	
Capital leases	(5,010)	
Severance pay	(27,600)	
Early retirement incentive	(150,813)	
Accumulated sick leave	<u>(235,424)</u>	(44,182,690)
Accrued interest is not included as a liability in governmental funds.		
		(253,002)
Accrued settlement expenses are not included as a liability in governmental funds		
		(13,399)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		<u>175,088</u>
Total net assets - governmental activities		<u><u>\$ (10,956,710)</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2006

	General	Nonmajor	Total
Revenues			
Local sources	\$ 2,677,036	\$ 3,782,236	\$ 6,459,272
State sources	14,761,217	68,912	14,830,129
Federal sources	864,053	270,269	1,134,322
Interdistrict sources	1,564,064	-	1,564,064
Total Revenues	<u>19,866,370</u>	<u>4,121,417</u>	<u>23,987,787</u>
Expenditures			
Current:			
Instruction	11,468,009	-	11,468,009
Supporting services	6,720,824	-	6,720,824
Community services	3,044	-	3,044
Food service	-	645,680	645,680
Athletics	-	615,805	615,805
Capital outlay	-	339,892	339,892
Debt service:			
Principal repayment	-	1,417,796	1,417,796
Interest and fiscal charges	-	1,711,184	1,711,184
Interdistrict	1,225,845	-	1,225,845
Total Expenditures	<u>19,417,722</u>	<u>4,730,357</u>	<u>24,148,079</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>448,648</u>	<u>(608,940)</u>	<u>(160,292)</u>
Other Financing Sources (Uses)			
Loan proceeds	-	231,022	231,022
Transfers in	-	482,844	482,844
Transfers out	(389,644)	(93,200)	(482,844)
Total Other Financing Sources (Uses)	<u>(389,644)</u>	<u>620,666</u>	<u>231,022</u>
Net Change in Fund Balances	59,004	11,726	70,730
Fund Balances, Beginning of Year	<u>1,218,927</u>	<u>108,332</u>	<u>1,327,259</u>
Fund Balances, End of Year	<u><u>\$ 1,277,931</u></u>	<u><u>\$ 120,058</u></u>	<u><u>\$ 1,397,989</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2006

Net change in fund balances - total governmental funds \$ 70,730

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 509,755	
Depreciation expense	<u>(1,284,150)</u>	(774,395)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 2,209

Net bond refunding costs are amortized over the life of the new bond issue in the Statement of Activities. (48,926)

Accrued settlement expenses are not included as a liability in governmental funds 13,399

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (685,551)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of general obligation bonds	1,417,796	
Repayment of capital leases	<u>6,306</u>	1,424,102

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 33,873

In the Statement of Net Assets, early retirement incentive, accumulated vacation pay and compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$108,709) exceeded the amounts earned (\$94,383). 14,326

Total changes in net assets - governmental activities \$ 49,766

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2006

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 2,621,548	\$ 2,685,654	\$ 2,677,036	\$ (8,618)
State sources	14,458,731	14,730,796	14,761,217	30,421
Federal sources	831,213	881,475	864,053	(17,422)
Interdistrict sources	1,220,127	1,475,156	1,564,064	88,908
Total Revenues	19,131,619	19,773,081	19,866,370	93,289
Expenditures				
Current:				
Instruction:				
Basic programs	9,082,206	9,145,425	9,125,119	20,306
Added needs	2,279,876	2,329,147	2,342,890	(13,743)
Supporting services:				
Pupil services	670,369	591,533	596,457	(4,924)
Instructional staff services	661,869	622,261	617,104	5,157
General administrative services	371,133	434,474	436,920	(2,446)
School administrative services	1,176,796	1,289,196	1,319,828	(30,632)
Business services	366,062	411,020	420,761	(9,741)
Operation and maintenance services	1,814,334	1,978,996	1,973,475	5,521
Pupil transportation services	855,378	1,014,530	989,360	25,170
Central services	264,700	412,368	366,919	45,449
Community services	3,611	7,200	3,044	4,156
Interdistrict	1,178,229	1,119,285	1,225,845	(106,560)
Total Expenditures	18,724,563	19,355,435	19,417,722	(62,287)
Excess Of Revenues Over Expenditures	407,056	417,646	448,648	31,002
Other Financing Sources (Uses)				
Transfers out	(368,050)	(390,770)	(389,644)	1,126
Net Change in Fund Balances	39,006	26,876	59,004	32,128
Fund balances, July 1	1,218,927	1,218,927	1,218,927	-
Fund balances, June 30	\$ 1,257,933	\$ 1,245,803	\$ 1,277,931	\$ 32,128

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2006

Assets

Cash equivalents, deposits and investments (Note B)	<u>\$ 184,609</u>
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Liabilities

Due to student groups	<u>\$ 184,609</u>
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See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Note A – Summary of Significant Accounting Policies

Comstock Park Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 2,415 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Comstock Park Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-Wide and Fund Financial Statements

District-Wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's only major fund. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletics Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded by a sinking fund millage. For these capital projects, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

deficit. Comstock Park Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at the end of the fiscal year.

Comstock Park Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

8. Capital Assets

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Early Retirement Incentive/Severance Pay/Accumulated Sick Leave and Vacation Pay

Early retirement incentive, severance pay, and accumulated sick leave and vacation pay at June 30, 2006 have been computed and recorded in the basic financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2006, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive, severance pay, and accumulated sick leave and vacation pay amounted to \$150,813, \$27,600 and \$235,424, respectively.

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

12. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

13. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2006 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:
Governmental activities

\$ 332,706

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Fiduciary Funds:
Agency Fund

184,609

\$ 517,315

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Huntington National Bank
2. Mercantile Bank

Cash equivalents consist of bank public funds checking and money market accounts

June 30, 2006 balances are detailed as follows:

Cash equivalents

\$ 517,315

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents were \$517,315 and the bank balance was \$1,201,473. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,001,473 was uninsured.

Investments

As of June 30, 2006, the District had no surplus funds that are classified as investments under GASB Statement No. 40.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law. Investments in U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount or up to 100% of the available reserves.

Interest Rate Risk

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2005 ad valorem State Education Taxes generated within the Comstock Park Public School District, and paid to the State of Michigan, totaled \$6,195,696.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2005 and September, 2005. The 2005-06 "Foundation Allowance" for Comstock Park Public Schools was \$6,890 for 2,405 "Full Time Equivalent" students, generating \$14,802,318 in state aid payments to the District of which \$2,685,313 was paid to the District in July and August, 2006 and is included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund at June 30, 2006.

Property taxes for the District are levied July 1 by the Charter Townships of Alpine and Plainfield and the City of Walker. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

Year	General	Debt Service	Capital Projects	Total
2005	\$ 52,289	\$ 23,844	\$ 2,924	\$ 79,057
2004	36,362	16,239	—	52,601
2003	30,628	12,802	—	43,430
	<u>\$ 119,279</u>	<u>\$ 52,885</u>	<u>\$ 2,924</u>	<u>\$ 175,088</u>

Taxes uncollected after three years from the date of levy, unless material in amount, are written off on the books of the District.

Section 1211(1) of 1993 PA 32 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Comstock Park Public Schools electors had previously (June 10, 1996) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2005.

The District levied 8.1621 mills in 2005 for debt service purposes and 1.0 mill for building and site purposes, applied on all taxable property in the District.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage", nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

Note D – Interfund Receivables/Payables and Transfers

Amounts due from (to) other funds, representing corrections of the allocations of 2005 property tax receipts and year end expenditure reimbursements are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ —	\$ 6,854
Debt Service Fund:		
2003 Debt Service Fund	—	8,104
	<u>—</u>	<u>14,958</u>
Special Revenue Fund:		
Food Service Fund:		
General Fund	<u>6,854</u>	<u>—</u>
Debt Service Funds:		
1993 Debt Service Fund:		
1999 Debt Service Fund	—	31,435
1996 Debt Service Fund:		
1999 Debt Service Fund	—	24,974
2003 Debt Service Fund	—	83,158
1999 Debt Service Fund:		
1993 Debt Service Fund	31,435	—
1996 Debt Service Fund	24,974	—
2003 Debt Service Fund:		
General Fund	8,104	—
1996 Debt Service Fund	83,158	—
	<u>147,671</u>	<u>139,567</u>
Total All Funds	<u><u>\$ 154,525</u></u>	<u><u>\$ 154,525</u></u>

Interfund transfers are detailed in the following schedule. The General Fund transfer was made to support the athletic program of the District and the Debt Service Fund transfers were made to reallocate property taxes.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue Fund:		
Athletics Fund	\$ —	\$ 389,644
Special Revenue Fund:		
Athletics Fund:		
General Fund	389,644	—
Debt Service Funds:		
1993 Debt Service Fund:		
1999 Debt Service Fund	3,538	—
1996 Debt Service Fund:		
2003 Debt Service Fund	89,662	3,538
2003 Debt Service Fund:		
1996 Debt Service Fund	—	89,662
Total Debt Service Funds	<u>93,200</u>	<u>93,200</u>
Total All Funds	<u><u>\$ 482,844</u></u>	<u><u>\$ 482,844</u></u>

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Balances July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2006</u>
Capital assets not depreciated:				
Land	\$ 640,410	\$ —	\$ —	\$ 640,410
Capital assets being depreciated:				
Land improvements	762,347	114,235	—	876,582
Buildings and additions	37,634,793	40,554	—	37,675,347
Furniture and equipment	7,168,898	264,424	—	7,433,322
Vehicles	<u>1,197,959</u>	<u>90,541</u>	<u>—</u>	<u>1,288,500</u>
Totals at historical cost	<u>47,404,407</u>	<u>\$ 509,755</u>	<u>\$ —</u>	<u>47,914,161</u>
Less accumulated depreciation for:				
Land improvements	471,890	\$ 11,425	\$ —	483,315
Buildings and additions	8,457,754	826,117	—	9,283,871
Furniture and equipment	5,811,172	388,322	—	6,199,494
Vehicles	<u>1,002,361</u>	<u>58,286</u>	<u>—</u>	<u>1,060,647</u>
Total accumulated depreciation	<u>15,743,177</u>	<u>\$ 1,284,150</u>	<u>\$ —</u>	<u>17,027,327</u>
Net Capital Assets	<u><u>\$ 31,661,230</u></u>			<u><u>\$ 30,886,834</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 180,646
Supporting services	134,204
Food service	7,395
Athletics	46,011
Unallocated	915,893
	<u>\$ 1,284,150</u>

Note F – Short-term Debt

The \$1,200,000 October 21, 2004 state aid anticipation loan was repaid on October 21, 2005. On March 22, 2006, the District borrowed \$500,000 in anticipation of state aid (interest at 4.50%), due in full on October 24, 2006. Interest expense on the loans was \$14,490 for the fiscal year.

Note G – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2006 are summarized as follows:

	Bond Issues	State School Bond Loan	Capital Leases	Severance/Early Retirement Incentive/ Sick Leave	Total
Amounts Available For Retirement Of Long-Term Debt					
Debt Service Funds	\$ 93,805	\$ —	\$ —	\$ —	\$ 93,805
Amounts To Be Provided For Retirement Of Long-Term Debt					
State of Michigan	217,087	—	—	—	217,087
General Fund	—	—	5,010	413,837	418,847
Debt Service Funds	31,686,195	11,766,756	—	—	43,452,951
Total Amounts Available and To Be Provided	<u>\$31,997,087</u>	<u>\$ 11,766,756</u>	<u>\$ 5,010</u>	<u>\$ 413,837</u>	<u>\$44,182,690</u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Changes in long-term debt for the year ended June 30, 2006 are summarized as follows:

	Debt Outstanding July 1, 2005	Debt Added	Debt Retired	Debt Outstanding June 30, 2006
General obligation bonds:				
November 1, 1993	\$ 3,145,000	\$ —	\$ —	\$ 3,145,000
November 1, 1996	300,000	—	300,000	—
November 1, 1999	1,030,000	—	245,000	1,030,000
February 24, 2003	10,750,000	—	855,000	10,750,000
February 24, 2005	17,955,000	—	—	17,955,000
Durant non-plaintiff bonds:				
November 13, 1998	234,883	—	17,796	217,087
State school bond loan	11,081,205	685,551	—	11,766,756
Capital leases	11,316	—	6,306	5,010
Severance pay	27,400	5,000	4,800	27,600
Early retirement incentive	203,772	—	52,959	150,813
Accumulated sick leave	196,991	89,383	50,950	235,424
	\$ 44,935,567	\$ 779,934	\$ 1,532,811	\$ 44,182,690

Long-term bonds and capital leases outstanding at June 30, 2006 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$19,370M 1993 Building and Site:				
Annual maturities of \$1,005M to \$1,100M	May 1, 2011	7.875	\$ 3,145,000	\$ —
\$10,725M 1999 Building and Site:				
Annual maturities of \$255M to \$265M	May 1, 2009	5.45	785,000	255,000
\$12,320M 2003 Refunding:				
Annual maturities of \$350M to \$1,330M	May 1, 2023	2.50-5.25	9,895,000	855,000
\$17,955M 2006 Refunding:				
Annual maturities of \$375M to \$1,000M	May 1, 2029	3.125-5.00	17,955,000	375,000
Durant Non-plaintiff Bonds				
\$367,657 1998 School Improvement:				
Annual maturities of \$18M to \$89M	May 15, 2013	4.761353	217,087	18,639
Capital Leases				
2002 Equipment:				
Annual maturities of \$1,038 to \$3,972	Sep. 26, 2007	7.209	5,010	3,972
			\$ 32,002,097	\$ 1,507,611

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

The District is required to obtain loans from the Michigan School Bond Loan Fund (the “Fund”) for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year, the District borrowed \$231,022 from the Fund and \$454,529 of accrued interest was added to the District’s liability to the Fund. At June 30, 2006, the District owed the Fund a total of \$11,766,756.

The annual requirements to pay principal and interest on long-term bonds and capital leases outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2007	\$ 1,507,611	\$ 1,508,362	\$ 3,015,973
2008	1,540,569	1,460,266	3,000,835
2009	1,650,461	1,406,763	3,057,224
2010	1,822,835	1,330,121	3,152,956
2011	1,862,455	1,194,996	3,057,451
2012	1,978,523	1,077,700	3,056,223
2013	2,054,643	998,381	3,053,024
2014	2,115,000	916,007	3,031,007
2015	2,200,000	827,358	3,027,358
2016	1,490,000	722,733	2,212,733
2017	1,365,000	651,908	2,016,908
2018	1,365,000	597,031	1,962,031
2019	1,360,000	540,787	1,900,787
2020	1,355,000	474,587	1,829,587
2021	1,355,000	407,725	1,762,725
2022	1,355,000	340,863	1,695,863
2023	1,350,000	273,999	1,623,999
2024	1,000,000	207,375	1,207,375
2025	1,000,000	157,375	1,157,375
2026	1,000,000	107,375	1,107,375
2027	425,000	57,375	482,375
2028	425,000	38,250	463,250
2029	425,000	19,124	444,124
	<u>\$32,002,097</u>	<u>\$15,316,460</u>	<u>\$47,318,557</u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Note H – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2006 was \$10,613,254. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPERS plan. The contribution rate was 14.87% for the fiscal year ending September 30, 2005 and 16.34% for the fiscal year beginning October 1, 2005. The District's contributions to the plan for the fiscal years ended June 30, 2006, 2005 and 2004 were \$1,718,257, \$1,464,402 and \$1,340,575, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPERS does not make separate measurements of assets and actuarial accrued liability for individual schools. The actuarial accrued liability at September 30, 2004 (the latest reporting date available expressed as \$ in millions) for the MPERS as a whole, determined through an actuarial valuation performed as of that date, was \$46,317. The MPERS' net assets available for benefits on that date were \$38,784 leaving an unfunded pension benefit obligation of \$7,533. Ten year historical trend information showing the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2005 Annual Report of the MPERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

The total actuarial accrued liability (expressed as \$ in millions) increased by \$1,548 from September 30, 2003 to September 30, 2004. Not included in the pension benefit obligation above is any future obligation attributable to health, dental and vision insurance benefits which are funded on a cash disbursement basis. With the passage of Act 279 of 1996, making permanent the cash basis financing of health, dental and vision benefits, actuarially calculated liabilities for these benefits are no longer disclosed on the balance sheets.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan (MIP). Effective January 1, 1990, all new employees are automatically enrolled in MIP. Participants in MIP, who receive benefits in addition to those available under the Basic Plan, contribute a percentage of salary. The graduated contribution rate is based on total wages and is calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. MIP members may retire at any age with 30 years of service, or at age 60 with 5 years of service, with benefits based on a final average compensation period of 5 years for members of the Basic Retirement Plan and 3 years for members of the MIP Retirement Plan.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above.

Note I – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$175,000 and \$865,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$79,637 in premiums to the Trust for the year ended June 30, 2006.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$300,000 of any workers' compensation or employers' liability loss out of a \$1,833,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2006, there were no material pending claims against the District. The District paid \$68,153 in premiums to the Fund for the year ended June 30, 2006.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note J – Stewardship, Compliance and Accountability

The following District funds had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2006, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 19,355,435	\$ 19,417,722	\$ 62,287
Special Revenue Funds			
Athletics	566,875	615,805	48,930
Food Service	631,397	645,680	14,283

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ 800	\$ 800
Cash equivalents, deposits and investments	182,313	834,599
Taxes receivable	119,279	118,273
Due from other governmental units	<u>3,082,728</u>	<u>2,827,547</u>
Total Assets	<u><u>\$ 3,385,120</u></u>	<u><u>\$ 3,781,219</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 217,391	\$ 143,849
State aid loan payable	500,000	1,200,000
Due to other funds	14,958	8,104
Due to other governmental units	310,024	217,885
Accrued interest payable	5,775	19,920
Salaries payable	936,637	854,261
Deferred revenue	<u>122,404</u>	<u>118,273</u>
Total Liabilities	<u>2,107,189</u>	<u>2,562,292</u>
Fund Balances		
Unreserved:		
Undesignated	<u>1,277,931</u>	<u>1,218,927</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,385,120</u></u>	<u><u>\$ 3,781,219</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2006 and 2005

	2006	2005
Local sources:		
Property taxes:		
Current property taxes	\$ 2,294,521	\$ 2,215,251
Delinquent property taxes	24,945	5,051
Other property taxes	2,443	14
Interest on delinquent taxes	7,122	2,964
	<u>2,329,031</u>	<u>2,223,280</u>
Interest earnings:		
Interest on deposits	26,327	14,736
Other local revenue:		
Tuition	3,821	4,788
Preschool fees	92,339	64,923
Transportation fees	11,134	45,832
Telephone commissions	-	6,212
Sale of school property	3,502	3,088
Rental of school facilities	19,103	3,182
Donations	36,288	8,390
Beverage consortium commissions	61,168	56,774
Reimbursements for services	11,527	31,224
Refunds of prior year expenditures	69,694	-
Miscellaneous	13,102	9,567
	<u>321,678</u>	<u>233,980</u>
Total local sources	2,677,036	2,471,996
State sources:		
State aid	14,759,260	14,236,490
School improvement	1,957	1,958
	<u>14,761,217</u>	<u>14,238,448</u>
Federal sources:		
Title I	257,082	206,692
Title IIA	72,034	56,656
Title IID	6,046	9,613
Title V	978	1,418
I.D.E.A. program	514,246	502,385
Drug free schools	6,945	7,934
Medicaid - school based	3,907	1,174
RESA grant	-	4,439
SPSR grant	2,815	-
	<u>864,053</u>	<u>790,311</u>
Total federal sources	864,053	790,311
Interdistrict sources:		
Special education - county	1,042,445	938,154
Special education - tuition	22,439	26,245
Special education - transportation	334,047	306,106
Special education - itinerant reimbursement	42,080	-
Durant settlement reimbursements	24,300	19,883
Medicaid fee for service	98,753	15,507
Career preparation	-	17,000
	<u>1,564,064</u>	<u>1,322,895</u>
Total interdistrict sources	1,564,064	1,322,895
Total Revenues	<u><u>\$ 19,866,370</u></u>	<u><u>\$ 18,823,650</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries:		
Teachers	\$ 2,527,952	\$ 2,419,859
Other professionals	5,265	-
Instructional assistants	102,895	114,359
Substitutes	76,720	57,459
Employee benefits:		
Employee insurance	653,335	536,528
Early retirement incentive	11,232	11,232
Board paid annuities	15,993	17,119
Tuition reimbursement	6,320	6,508
Retirement	447,956	381,637
Social Security	209,837	198,849
Workers' compensation insurance	10,912	8,763
Local travel	-	716
Equipment rental	6,514	11,083
Teaching supplies	46,990	41,780
Textbooks	29,814	31,832
Other supplies and materials	14,408	25,198
New equipment and furniture	18,949	-
Dues and fees	625	720
	4,185,717	3,863,642
Middle school:		
Salaries:		
Teachers	1,130,701	1,094,412
Instructional assistants	49,683	29,896
Other professionals	3,012	1,463
Substitutes	27,186	26,923
Severance pay	5,400	-
Employee benefits:		
Employee insurance	331,785	294,305
Early retirement incentive	19,685	19,685
Board paid annuities	2,297	9
Tuition reimbursement	1,260	864
Retirement	188,739	166,748
Social Security	95,329	89,047
Workers' compensation insurance	4,975	4,142
Local travel	258	82
Workshops and conferences	-	324
Equipment rental	3,285	3,447
Teaching supplies	28,230	19,177
Textbooks	32,956	45,349
Miscellaneous supplies	4,111	1,951
New equipment and furniture	10,717	-
Dues and fees	140	1,130
	1,939,749	1,798,954

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
High school:		
Salaries:		
Teachers	\$ 1,680,285	\$ 1,651,421
Instructional assistants	28,632	19,687
Other professionals	22,460	24,671
Substitutes	55,529	28,775
Employee benefits:		
Employee insurance	413,148	342,012
Early retirement incentive	11,042	11,042
Board paid annuities	17,464	10,033
Tuition reimbursement	13,214	10,189
Retirement	291,886	251,685
Social Security	138,218	132,603
Workers' compensation insurance	7,147	5,904
Other professional and technical services	1,450	267
Local travel	146	721
Printing and binding	5,589	334
Equipment rental	4,907	28,648
Teaching supplies	51,456	45,027
Textbooks	34,975	26,789
Miscellaneous supplies	9,526	11,852
New equipment and furniture	66,380	4,731
Dues and fees	941	1,175
Miscellaneous	1,462	1,194
	<u>2,855,857</u>	<u>2,608,760</u>
Preschool:		
Salaries:		
Teachers	70,994	51,553
Instructional assistants	26,139	24,037
Substitutes	263	1,463
Employee benefits:		
Employee insurance	6,137	16,560
Retirement	15,821	11,433
Social Security	7,468	5,895
Workers' compensation insurance	339	273
Cash in lieu of benefits	1,320	-
Local travel	-	23
Workshops and conferences	767	664
Teaching supplies	12,271	3,177
Miscellaneous supplies and materials	2,003	3,336
Dues and fees	274	325
	<u>143,796</u>	<u>118,739</u>
Total basic programs	9,125,119	8,390,095
Added needs:		
Special education:		
Salaries:		
Teachers	1,034,091	1,025,693
Instructional assistants	180,336	175,396
Substitutes	17,553	12,816

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Special education: (Continued)		
Employee benefits:		
Employee insurance	\$ 359,681	\$ 318,474
Retirement	199,850	186,086
Social Security	94,247	96,819
Workers' compensation insurance	4,754	4,411
Cash in lieu of benefits	7,920	3,629
Local travel	111	-
Teaching supplies	5,439	9,143
Miscellaneous	960	-
	1,904,942	1,832,467
Compensatory education:		
Salaries:		
Teachers	183,221	143,039
Instructional assistants	37,749	34,150
Employee benefits:		
Employee insurance	66,099	38,704
Retirement	35,730	25,977
Social Security	16,967	13,656
Workers' compensation insurance	839	463
Cash in lieu of benefits	2,640	2,640
Purchased services	-	391
Workshops and conferences	9,611	1,320
Teaching supplies	69,073	52,864
Other supplies and materials	1,995	-
New equipment and furniture	9,537	44
Miscellaneous	2,368	5,896
	435,829	319,144
Career and technical education:		
Teaching supplies	2,119	2,048
Total added needs	2,342,890	2,153,659
Supporting services:		
Pupil services:		
Guidance services:		
Salaries:		
Counselors	301,214	300,639
Clerical	54,756	53,753
Employee benefits:		
Employee insurance	72,881	71,437
Retirement	49,843	45,625
Social Security	27,218	26,974
Workers' compensation insurance	1,273	1,112
Cash in lieu of benefits	2,640	2,573
Pupil services	7,488	8,894
Equipment repair and maintenance	140	110
Other supplies and materials	527	385
	517,980	511,502

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Occupational therapist services:		
Occupational therapists salaries	\$ 3,784	\$ 6,171
Employee benefits:		
Retirement	611	918
Social Security	290	472
Pupil services	33,868	95,866
Local travel	101	-
Testing supplies	384	-
	<u>39,038</u>	<u>103,427</u>
Psychological services:		
Psychologists salaries	-	20,125
Employee benefits:		
Retirement	-	2,992
Social Security	-	1,539
Local travel	137	256
Miscellaneous supplies	2,922	1,373
	<u>3,059</u>	<u>26,285</u>
Speech pathology services:		
Speech pathologists salaries	4,320	-
Employee benefits:		
Retirement	706	-
Social Security	330	-
Workers' compensation insurance	15	-
Purchased services	737	828
Local travel	114	106
Miscellaneous supplies	1,648	1,272
	<u>7,870</u>	<u>2,206</u>
Social worker services:		
Social workers salaries	11,342	11,032
Employee benefits:		
Employee insurance	2,969	4,908
Retirement	1,839	1,625
Social Security	854	814
Workers' compensation insurance	(363)	39
Local travel	543	518
Miscellaneous supplies	670	1,672
	<u>17,854</u>	<u>20,608</u>
Teacher consultant services:		
Local travel	381	344
Miscellaneous supplies	887	732
	<u>1,268</u>	<u>1,076</u>
Other pupil support services:		
Instructional consultants salaries	7,550	5,306
Employee benefits:		
Retirement	1,234	747
Social Security	574	399
Workers' compensation insurance	30	-
Miscellaneous supplies	-	1,278
	<u>9,388</u>	<u>7,730</u>
Total pupil services	<u>596,457</u>	<u>672,834</u>

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Instructional staff services:		
Improvement of instruction:		
Salaries:		
Director	\$ 92,172	\$ 91,104
Mentor	1,473	1,107
Clerical	35,934	32,504
Substitutes	12,720	10,491
Employee benefits:		
Employee insurance	17,335	18,065
Tuition reimbursement	148	1,720
Board paid annuities	2,000	2,000
Retirement	22,637	19,064
Social Security	10,656	9,801
Workers' compensation insurance	504	398
Cash in lieu of benefits	9	-
Employee training and development	-	1,939
Local travel	1,739	1,000
Workshops and conferences	28,379	40,256
Teaching supplies	-	117
Other supplies and materials	4,772	5,088
New equipment and furniture	3,112	-
Dues and fees	1,320	1,476
Miscellaneous	2,851	1,303
	237,761	237,433
Media services:		
Salaries:		
Librarians	68,408	68,407
Instructional assistants	1,004	2,601
Employee benefits:		
Employee insurance	14,149	14,619
Retirement	11,265	10,143
Social Security	5,310	5,432
Workers' compensation insurance	278	314
Equipment rental	609	108
Other rentals	11,988	10,749
Library books	8,806	8,027
Periodicals	2,874	2,278
Office supplies	-	454
Miscellaneous supplies	95	515
	124,786	123,647
Supervision and direction of instruction:		
Salaries:		
Directors	142,707	143,872
Clerical	29,206	25,717
Employee benefits:		
Employee insurance	31,790	29,701
Retirement	27,742	24,753
Social Security	13,404	13,252
Workers' compensation insurance	606	514
Cash in lieu of benefits	2,640	2,640
Pupil services	-	8,440

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Supervision and direction of instruction: (Continued)		
Other purchased services	\$ -	\$ 280
Local travel	1,396	1,253
Workshops and conferences	1,785	4,521
Mailing and postage	760	-
Office supplies	1,296	-
Miscellaneous supplies	1,145	8,560
New equipment and furniture	-	1,650
Dues and fees	80	-
	<u>254,557</u>	<u>265,153</u>
Total instructional staff services	617,104	626,233
General administrative services:		
Board of education:		
Operation and service salaries	500	1,500
Employee benefits:		
Retirement	82	223
Social Security	38	114
Workers' compensation insurance	2	-
Consultant services	11,500	17,935
Legal services	22,090	11,449
Audit services	25,802	20,405
Professional services	21,369	11,164
Local travel	101	-
Workshops and conferences	858	2,206
Mailing and postage	9,248	9,073
Advertising	-	96
Printing and binding	13,557	16,570
Miscellaneous supplies	3,015	2,026
New equipment and furniture	4,958	-
Dues and fees	10,472	10,289
Miscellaneous	12,248	4,471
	<u>135,840</u>	<u>107,521</u>
Executive administration:		
Salaries:		
Superintendent	105,060	104,160
Clerical	71,318	56,903
Employee benefits:		
Employee insurance	38,518	32,318
Early retirement incentive	11,000	20,000
Tuition reimbursement	1,737	-
Board paid annuities	7,200	6,000
Retirement	26,637	23,004
Social Security	13,007	13,282
Workers' compensation insurance	577	521
Other professional and technical services	1,600	-
Local travel	5,376	5,500
Workshops and conferences	3,919	873
Equipment rental	2,053	3,686
Office supplies	1,803	584

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Executive administration: (Continued)		
Miscellaneous supplies	\$ 3,132	\$ 2,627
New equipment and furniture	6,436	-
Dues and fees	1,707	300
	<u>301,080</u>	<u>269,758</u>
Total general administrative services	436,920	377,279
School administrative services:		
Office of the principal:		
Salaries:		
Principals	609,315	494,810
Director	3,982	4,000
Other administrative	43,310	-
Clerical	227,314	192,872
Employee benefits:		
Employee insurance	181,890	151,872
Board paid annuities	5,656	2,640
Tuition reimbursement	7,793	4,292
Retirement	141,932	99,525
Social Security	67,642	52,706
Workers' compensation insurance	3,124	2,308
Cash in lieu of benefits	1,764	-
Management services	-	95,913
Local travel	8,110	6,254
Workshops and conferences	2,459	135
Mailing and postage	8,087	5,022
Equipment repair and maintenance	372	1,849
Office supplies	2,506	3,627
Miscellaneous supplies	187	-
Dues and fees	4,385	2,209
Total school administrative services	<u>1,319,828</u>	<u>1,120,034</u>
Business services:		
Fiscal services:		
Salaries:		
Supervisor	73,786	-
Accounting	74,420	146,307
Employee benefits:		
Employee insurance	30,040	21,574
Tuition reimbursement	6,594	1,396
Employee benefits:		
Board paid annuities	-	1,200
Retirement	23,629	20,128
Social Security	11,301	11,343
Workers' compensation insurance	459	381
Other purchased services	14,933	16,746
Local travel	1,530	1,428
Workshops and conferences	2,000	786
Mailing and postage	1,052	1,642
Equipment repair and maintenance	440	-

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Fiscal services: (Continued)		
Office supplies	\$ 4,972	\$ 8,600
Miscellaneous supplies	2,347	-
New equipment and furniture	17,197	28,967
Dues and fees	427	-
Miscellaneous	2,741	1,311
	<u>267,868</u>	<u>261,809</u>
Internal services:		
Operation and service salaries	20,250	19,856
Employee benefits:		
Employee insurance	14,311	12,565
Retirement	3,279	2,921
Social Security	1,365	1,445
Workers' compensation insurance	81	70
Equipment rental	33,385	76,741
Equipment repair and maintenance	159	-
Office supplies	5,604	1,678
	<u>78,434</u>	<u>115,276</u>
Other business services:		
Unemployment compensation	10,850	6,004
Tax collection fees	-	766
Insurance and bonds	18,147	20,217
Other purchased services	1,425	754
Interest expense	14,490	34,280
Claims and judgements	16,578	14,935
Tax refunds	10,558	13,466
Miscellaneous	2,411	4,072
	<u>74,459</u>	<u>94,494</u>
Total business services	420,761	471,579
Operation and maintenance services:		
Operation and maintenance:		
Salaries:		
Director	13,470	32,474
Custodial	494,491	456,418
Maintenance	52,440	55,560
Employee benefits:		
Employee insurance	197,687	185,136
Board paid annuities	2,640	41
Retirement	87,127	78,680
Social Security	42,622	41,162
Workers' compensation insurance	9,310	22,347
Other professional services	75,703	2,178
Local travel	5,252	3,022
Workshops and conferences	358	-
Telephone	68,875	66,417
Water and sewer	85,098	90,621
Waste and trash disposal	23,036	20,448
Public liability insurance	51,033	51,616
Land/building repair and maintenance	94,738	86,190
Equipment repair and maintenance	60,883	2,220

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Operation and maintenance: (Continued)		
Heating	\$ 172,276	\$ 141,955
Electricity	218,196	211,682
Gasoline, oil and grease	50	-
Office supplies	464	-
Miscellaneous tools and hardware	2,800	3,452
Miscellaneous supplies	84,895	116,220
New equipment and furniture	81,720	1,645
Replacement equipment and furniture	18,357	-
New vehicles	29,099	-
Dues and fees	-	225
Miscellaneous	855	1,966
Total operation and maintenance services	1,973,475	1,671,675
Pupil transportation services:		
Pupil transportation:		
Salaries:		
Director	13,470	31,998
Drivers	278,540	253,346
Clerical	66,881	57,368
Assistants	2,576	532
Mechanics	46,638	42,638
Substitutes	16,109	22,693
Employee benefits:		
Employee insurance	166,877	139,867
Board paid annuities	7,280	4,054
Retirement	66,357	58,833
Social Security	32,726	31,494
Workers' compensation insurance	19,151	16,472
Other professional services	11,877	12,194
Local travel	567	1,944
Workshops and conferences	2,013	1,754
Pupil transportation	746	8,487
Mailing and postage	9	4
Vehicle insurance	10,457	13,809
Vehicle repair and maintenance	23,757	5,916
Equipment rental	5	1,072
Other purchased services	3,159	4,713
Gasoline, oil and grease	75,455	51,964
Tires, tubes and batteries	5,654	6,901
Vehicle repair parts	37,439	21,582
Other transportation supplies	450	869
Office supplies	1,411	852
Miscellaneous hardware and tools	3,640	373
Miscellaneous supplies	1,473	843
New equipment and furniture	32,811	-
Replacement equipment and furniture	-	1,526
New buses	61,449	114,575
Dues and fees	266	2,141
Miscellaneous	117	5,433
Total pupil transportation services	989,360	916,247

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Central services:		
Staff/personnel services:		
Professional services	\$ 8,143	\$ 943
Internet service provider	159	5,014
	<u>8,302</u>	<u>5,957</u>
Support services technology:		
Other professional salaries	399	-
Employee benefits:		
Retirement	386	-
Social Security	181	-
Management information systems	177,360	190,810
Professional services	4,117	11,207
Internet service provider	6,137	7,233
Equipment repair and maintenance	15,780	25,796
Office supplies	25	-
Miscellaneous supplies	194	5,460
Replacement equipment and furniture	154,038	-
Dues and fees	-	381
	<u>358,617</u>	<u>240,887</u>
Total central services	366,919	246,844
Community services:		
Community and special projects:		
Operation and service salaries	2,016	1,465
Employee benefits:		
Retirement	329	218
Social Security	154	112
Workers' compensation insurance	3	4
Workshops and conferences	500	117
Miscellaneous supplies	42	-
	<u>3,044</u>	<u>1,916</u>
Other community services:	\	
Pupil services	-	1,310
	<u>3,044</u>	<u>3,226</u>
Total community services	3,044	3,226
Debt service:		
Principal repayment	-	9,841
Interest expense	-	521
	<u>-</u>	<u>10,362</u>
Total debt service	-	10,362
Interdistrict:		
Special education tuition	302,951	243,786
Special education transportation	341,310	309,671
Special education itinerants	581,584	506,422
Special education services	-	5,862
	<u>1,225,845</u>	<u>1,065,741</u>
Total interdistrict	1,225,845	1,065,741
Total Expenditures	<u><u>\$ 19,417,722</u></u>	<u><u>\$ 17,725,808</u></u>

NONMAJOR FUNDS

COMSTOCK PARK PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2006

	Special Revenue		
	Food Service	Athletics	1993
Assets			
Cash equivalents, deposits and investments	\$ 1,085	\$ 60	\$ 11,702
Taxes receivable	-	-	4,437
Accounts receivable	-	1,015	-
Due from other funds	6,854	-	-
Due from other governmental units	3,955	-	1,770
Inventory	7,583	-	-
Total Assets	\$ 19,477	\$ 1,075	\$ 17,909
Liabilities and Fund Equity			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	31,435
Due to other governmental units	7,675	-	-
Deferred revenue	-	-	4,437
Total Liabilities	7,675	-	35,872
Fund Balances			
Reserved for capital outlay	-	-	-
Reserved for debt service	-	-	(17,963)
Unreserved:			
Undesignated	11,802	1,075	-
Total Fund Balances	11,802	1,075	(17,963)
Total Liabilities and Fund Balances	\$ 19,477	\$ 1,075	\$ 17,909

Debt Service				Capital Projects Building and Site	Total
1996	1999	2003	2005		
\$ 108,132	\$ -	\$ -	\$ 18,518	\$ 10,896	\$ 150,393
12,448	11,340	17,490	7,170	2,924	55,809
-	-	-	-	-	1,015
-	56,409	91,262	-	-	154,525
2,272	1,921	8,192	6,089	2,480	26,679
-	-	-	-	-	7,583
<u>\$ 122,852</u>	<u>\$ 69,670</u>	<u>\$ 116,944</u>	<u>\$ 31,777</u>	<u>\$ 16,300</u>	<u>\$ 396,004</u>
\$ -	\$ 11,850	\$ 61,045	\$ -	\$ -	\$ 72,895
108,132	-	-	-	-	139,567
-	-	-	-	-	7,675
12,448	11,340	17,490	7,170	2,924	55,809
<u>120,580</u>	<u>23,190</u>	<u>78,535</u>	<u>7,170</u>	<u>2,924</u>	<u>275,946</u>
-	-	-	-	13,376	13,376
2,272	46,480	38,409	24,607	-	93,805
-	-	-	-	-	12,877
<u>2,272</u>	<u>46,480</u>	<u>38,409</u>	<u>24,607</u>	<u>13,376</u>	<u>120,058</u>
<u>\$ 122,852</u>	<u>\$ 69,670</u>	<u>\$ 116,944</u>	<u>\$ 31,777</u>	<u>\$ 16,300</u>	<u>\$ 396,004</u>

COMSTOCK PARK PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2006

	Special Revenue		
	Food Service	Athletics	1993
Revenues			
Local sources:			
Property taxes	\$ -	\$ -	\$ 249,491
Interest earnings	1,118	501	3,699
Sales and admissions	300,063	225,720	-
Other local sources	-	-	-
Total local sources	301,181	226,221	253,190
State sources	43,094	-	-
Federal sources	270,269	-	-
Total Revenues	614,544	226,221	253,190
Expenditures			
Current:			
Food service	645,680	-	-
Athletics	-	615,805	-
Capital outlay	-	-	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	247,669
Total Expenditures	645,680	615,805	247,669
Excess (Deficiency) of Revenues Over Expenditures	(31,136)	(389,584)	5,521
Other Financing Sources (Uses)			
Loan proceeds	-	-	-
Transfers in	-	389,644	3,538
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	389,644	3,538
Net Change in Fund Balances	(31,136)	60	9,059
Fund Balances, July 1	42,938	1,015	(27,022)
Fund Balances, June 30	\$ 11,802	\$ 1,075	\$ (17,963)

Debt Service					Capital Projects Building and Site	Total
1996	1999	2003	2005	Durant		
\$ 320,169	\$ 270,674	\$ 1,159,390	\$ 854,573	\$ -	\$ 348,108	\$ 3,202,405
4,744	4,013	17,119	12,938	-	5,160	49,292
-	-	-	-	-	-	525,783
2,378	2,378	-	-	-	-	4,756
327,291	277,065	1,176,509	867,511	-	353,268	3,782,236
-	-	-	-	25,818	-	68,912
-	-	-	-	-	-	270,269
327,291	277,065	1,176,509	867,511	25,818	353,268	4,121,417
-	-	-	-	-	-	645,680
-	-	-	-	-	-	615,805
-	-	-	-	-	339,892	339,892
300,000	245,000	855,000	-	17,796	-	1,417,796
18,000	56,135	428,732	952,626	8,022	-	1,711,184
318,000	301,135	1,283,732	952,626	25,818	339,892	4,730,357
9,291	(24,070)	(107,223)	(85,115)	-	13,376	(608,940)
-	-	121,300	109,722	-	-	231,022
89,662	-	-	-	-	-	482,844
(3,538)	-	(89,662)	-	-	-	(93,200)
86,124	-	31,638	109,722	-	-	620,666
95,415	(24,070)	(75,585)	24,607	-	13,376	11,726
(93,143)	70,550	113,994	-	-	-	108,332
\$ 2,272	\$ 46,480	\$ 38,409	\$ 24,607	\$ -	\$ 13,376	\$ 120,058

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2006

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Local sources	\$ 295,360	\$ 301,181	\$ 5,821
State sources	30,412	43,094	12,682
Federal sources	269,000	270,269	1,269
Total Revenues	<u>594,772</u>	<u>614,544</u>	<u>19,772</u>
Expenditures			
Current:			
Food service	<u>631,397</u>	<u>645,680</u>	<u>(14,283)</u>
Net Change in Fund Balances	<u>(36,625)</u>	<u>(31,136)</u>	<u>5,489</u>
Fund Balances, July 1	<u>42,938</u>	<u>42,938</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 6,313</u></u>	<u><u>\$ 11,802</u></u>	<u><u>\$ 5,489</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2006

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Local sources	\$ 174,241	\$ 226,221	\$ 51,980
Expenditures			
Current:			
Athletics	566,875	615,805	(48,930)
Excess (Deficiency) of Revenues Over Expenditures	(392,634)	(389,584)	3,050
Other Financing Sources			
Transfers in	392,634	389,644	(2,990)
Net Change in Fund Balances	-	60	60
Fund Balances, July 1	1,015	1,015	-
Fund Balances, June 30	\$ 1,015	\$ 1,075	\$ 60

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	\$ 1,085	\$ 32,221
Due from other funds	6,854	-
Due from other governmental units	3,955	3,134
Inventory	<u>7,583</u>	<u>7,583</u>
Total Assets	<u><u>\$ 19,477</u></u>	<u><u>\$ 42,938</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other governmental units	<u>\$ 7,675</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>11,802</u>	<u>42,938</u>
Total Liabilities and Fund Balances	<u><u>\$ 19,477</u></u>	<u><u>\$ 42,938</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2006 and 2005

	2006	2005
Revenues		
Local sources:		
Sales and admissions:		
Children's lunches	\$ 210,572	\$ 226,934
Adult lunches	5,881	2,188
Milk sales	6,368	-
Ala carte	70,840	63,582
Banquets	6,344	-
Other	58	17,489
	<u>300,063</u>	<u>310,193</u>
Interest earnings:		
Interest on deposits	1,118	64
Total local sources	<u>301,181</u>	<u>310,257</u>
State sources	43,094	17,852
Federal sources	<u>270,269</u>	<u>216,090</u>
Total Revenues	<u>614,544</u>	<u>544,199</u>
Expenditures		
Current:		
Food service:		
Salaries:		
Food service	135,537	131,383
Clerical	-	185
Other	-	3,060
Employee benefits:		
Employee insurance	41,265	35,136
Board paid annuities	4,752	3,945
Retirement	23,855	19,720
Social Security	10,369	10,594
Workers' compensation insurance	2,765	2,400
Other professional services	40,962	89,237
Local travel	202	-
Workshops and conferences	198	-
Mailing and postage	-	174
Equipment repair and maintenance	7,802	1,913
Equipment rental	214	-
Food	314,055	212,565
Nonedible supplies	3,343	13,358
Miscellaneous hardware and tools	1,319	560
Miscellaneous supplies	2,072	3,201
New equipment and furniture	56,293	54,027
Memberships and dues	677	655
Miscellaneous	-	3,122
	<u>645,680</u>	<u>585,235</u>
Total Expenditures	<u>645,680</u>	<u>585,235</u>
Net Change in Fund Balances	(31,136)	(41,036)
Fund Balances, July 1	<u>42,938</u>	<u>83,974</u>
Fund Balances, June 30	<u><u>\$ 11,802</u></u>	<u><u>\$ 42,938</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	\$ 60	\$ -
Accounts receivable	<u>1,015</u>	<u>1,015</u>
Total Assets	<u><u>\$ 1,075</u></u>	<u><u>\$ 1,015</u></u>
 Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>1,075</u>	<u>1,015</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,075</u></u>	<u><u>\$ 1,015</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2006 and 2005

	2006	2005
Revenues		
Local sources:		
Sales and admissions:		
Gate receipts	\$ 119,927	\$ 83,279
Resale	-	574
Sports fees and charges	35,530	32,398
Donations	65,744	68,467
Other	4,519	4,743
	<u>225,720</u>	<u>189,461</u>
Interest earnings:		
Interest on deposits	501	194
	<u>501</u>	<u>194</u>
Total Revenues	<u>226,221</u>	<u>189,655</u>
Expenditures		
Current:		
Athletics:		
Salaries:		
Athletic director	78,346	68,949
Assistant athletic director	8,015	7,180
Coaches	208,203	206,728
Drivers	16,233	19,298
Employee benefits:		
Employee insurance	10,849	15,122
Retirement	50,048	43,871
Social Security	23,839	23,155
Workers' compensation insurance	1,372	1,027
Local travel	1,936	1,958
Workshops and conferences	330	-
Pupil transportation	2,205	-
Mailing and postage	500	57
Equipment repair and maintenance	2,402	3,853
Other purchased services	48,438	88,245
Gas, oil and grease	2,486	2,380
Supplies	586	1,048
Miscellaneous supplies	62,510	37,190
New equipment and furniture	22,324	26,815
Replacement equipment and furniture	8,905	763
Dues and fees	11,315	11,818
Miscellaneous	54,963	10,250
	<u>615,805</u>	<u>569,707</u>
Total Expenditures	<u>615,805</u>	<u>569,707</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(389,584)</u>	<u>(380,052)</u>
Other Financing Sources		
Transfers in	389,644	364,328
	<u>389,644</u>	<u>364,328</u>
Net Change in Fund Balances	<u>60</u>	<u>(15,724)</u>
Fund Balances, July 1	<u>1,015</u>	<u>16,739</u>
Fund Balances, June 30	<u><u>\$ 1,075</u></u>	<u><u>\$ 1,015</u></u>

DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

COMSTOCK PARK PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2006

	<u>1993</u>	<u>1996</u>	<u>1999</u>	<u>2003</u>
Assets				
Cash equivalents, deposits and investments	\$ 11,702	\$ 108,132	\$ -	\$ -
Taxes receivable	4,437	12,448	11,340	17,490
Due from other funds	-	-	56,409	91,262
Due from other governmental units	<u>1,770</u>	<u>2,272</u>	<u>1,921</u>	<u>8,192</u>
Total Assets	<u><u>\$ 17,909</u></u>	<u><u>\$ 122,852</u></u>	<u><u>\$ 69,670</u></u>	<u><u>\$ 116,944</u></u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 11,850	\$ 61,045
Due to other funds	31,435	108,132	-	-
Deferred revenue	<u>4,437</u>	<u>12,448</u>	<u>11,340</u>	<u>17,490</u>
Total Liabilities	<u>35,872</u>	<u>120,580</u>	<u>23,190</u>	<u>78,535</u>
Fund Balances				
Reserved for debt service	<u>(17,963)</u>	<u>2,272</u>	<u>46,480</u>	<u>38,409</u>
Total Liabilities and Fund Balances	<u><u>\$ 17,909</u></u>	<u><u>\$ 122,852</u></u>	<u><u>\$ 69,670</u></u>	<u><u>\$ 116,944</u></u>

2005	Durant	Totals	
		2006	2005
\$ 18,518	\$ -	\$ 138,352	\$ 56,275
7,170	-	52,885	54,606
-	-	147,671	147,671
6,089	-	20,244	-
<u>\$ 31,777</u>	<u>\$ -</u>	<u>\$ 359,152</u>	<u>\$ 258,552</u>
\$ -	\$ -	\$ 72,895	\$ -
-	-	139,567	139,567
7,170	-	52,885	54,606
<u>7,170</u>	<u>-</u>	<u>265,347</u>	<u>194,173</u>
24,607	-	93,805	64,379
<u>\$ 31,777</u>	<u>\$ -</u>	<u>\$ 359,152</u>	<u>\$ 258,552</u>

COMSTOCK PARK PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2006

	1993	1996	1999	2003
Revenues				
Local sources:				
Property taxes:				
Current property taxes	\$ 243,609	\$ 312,619	\$ 264,290	\$ 1,127,265
Industrial facilities taxes	4,278	5,490	4,642	19,796
Delinquent property taxes	885	1,136	961	8,077
Interest on delinquent taxes	650	834	705	3,721
Other taxes	69	90	76	531
	<u>249,491</u>	<u>320,169</u>	<u>270,674</u>	<u>1,159,390</u>
Interest earnings:				
Interest on deposits	<u>3,699</u>	<u>4,744</u>	<u>4,013</u>	<u>17,119</u>
Other local sources:				
Refunds of prior years expenditures	<u>-</u>	<u>2,378</u>	<u>2,378</u>	<u>-</u>
State sources:				
State school aid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>253,190</u>	<u>327,291</u>	<u>277,065</u>	<u>1,176,509</u>
Expenditures				
Debt service:				
Principal repayment	-	300,000	245,000	855,000
Interest and fiscal charges:				
Interest expense	247,669	18,000	56,135	428,732
Bond issuance costs	-	-	-	-
Underwriter's discount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>247,669</u>	<u>318,000</u>	<u>301,135</u>	<u>1,283,732</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,521</u>	<u>9,291</u>	<u>(24,070)</u>	<u>(107,223)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Loan proceeds	-	-	-	121,300
Transfers in	3,538	89,662	-	-
Transfers out	-	(3,538)	-	(89,662)
Payments to escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,538</u>	<u>86,124</u>	<u>-</u>	<u>31,638</u>
Net Change in Fund Balances	<u>9,059</u>	<u>95,415</u>	<u>(24,070)</u>	<u>(75,585)</u>
Fund Balances, July 1	<u>(27,022)</u>	<u>(93,143)</u>	<u>70,550</u>	<u>113,994</u>
Fund Balances, June 30	<u><u>\$ (17,963)</u></u>	<u><u>\$ 2,272</u></u>	<u><u>\$ 46,480</u></u>	<u><u>\$ 38,409</u></u>

2005	Durant	Totals	
		2006	2005
\$ 837,823	\$ -	\$ 2,785,606	\$ 2,667,666
14,713	-	48,919	44,437
-	-	11,059	2,292
1,730	-	7,640	9,741
307	-	1,073	74
854,573		2,854,297	2,724,210
12,938	-	42,513	19,906
-	-	4,756	-
-	25,818	25,818	-
867,511	25,818	2,927,384	2,744,116
-	17,796	1,417,796	1,365,000
952,626	8,022	1,711,184	1,295,159
-	-	-	136,199
-	-	-	49,376
952,626	25,818	3,128,980	2,845,734
(85,115)	-	(201,596)	(101,618)
-	-	-	17,955,000
-	-	-	878,689
109,722	-	231,022	413,971
-	-	93,200	-
-	-	(93,200)	-
-	-	-	(19,145,329)
109,722	-	231,022	102,331
24,607	-	29,426	713
-	-	64,379	63,666
\$ 24,607	\$ -	\$ 93,805	\$ 64,379

CAPITAL PROJECTS FUND

Building and Site — to account for property tax revenues and interest earnings used to finance building restoration projects.

COMSTOCK PARK PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	\$ 10,896	\$ -
Taxes receivable	2,924	-
Due from other governmental units	<u>2,480</u>	<u>-</u>
Total Assets	<u><u>\$ 16,300</u></u>	<u><u>\$ -</u></u>
 Liabilities and Fund Balances		
Liabilities		
Deferred revenue	<u>\$ 2,924</u>	<u>\$ -</u>
Fund Balances		
Reserved for capital outlay	<u>13,376</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 16,300</u></u>	<u><u>\$ -</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 341,283	\$ -
Industrial facilities taxes	5,993	-
Interest on delinquent taxes	705	-
Other taxes	127	-
	<u>348,108</u>	<u>-</u>
Interest earnings:		
Interest on investments	5,160	-
	<u>5,160</u>	<u>-</u>
Total Revenues	<u>353,268</u>	<u>-</u>
Expenditures		
Capital outlay:		
Buildings and additions	339,892	-
	<u>339,892</u>	<u>-</u>
Net Change in Fund Balances	13,376	-
Fund Balances, July 1	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 13,376</u></u>	<u><u>\$ -</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

COMSTOCK PARK PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2006

	<u>Balances</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2006</u>
Assets				
Cash equivalents, deposits and investments	<u>\$ 173,005</u>	<u>\$ 697,399</u>	<u>\$ 685,795</u>	<u>\$ 184,609</u>
Liabilities				
Due to student groups	<u>\$ 173,005</u>	<u>\$ 697,399</u>	<u>\$ 685,795</u>	<u>\$ 184,609</u>

OTHER INFORMATION

COMSTOCK PARK PUBLIC SCHOOLS
Summary of 2005 Taxes Levied and Collected
For the year ended June 30, 2006

	Kent County			
	Townships of		City of	
	Alpine	Plainfield	Walker	Total
Taxable Valuations				
Operating	\$ 57,460,978	\$ 68,315,681	\$ 4,797,044	\$130,573,703
Debt Service	141,554,484	191,558,062	11,092,763	344,205,309
Rates (Mills)				
General Fund				18.0000
1993 Debt Service Fund				0.7138
1996 Debt Service Fund				0.9160
1999 Debt Service Fund				0.7744
2003 Debt Service Fund				3.3030
2005 Debt Service Fund				2.4549
Building and Site Fund				1.0000
				<u>27.1621</u>
Taxes Levied 2005 Rolls				
General Fund	\$ 1,031,638	\$ 1,229,762	\$ 85,410	\$ 2,346,810
1993 Debt Service Fund	101,041	136,736	7,918	245,695
1996 Debt Service Fund	129,663	175,470	10,161	315,294
1999 Debt Service Fund	109,619	148,344	8,590	266,553
2003 Debt Service Fund	467,551	632,725	36,639	1,136,915
2005 Debt Service Fund	347,500	470,262	27,231	844,993
Building and Site Fund	141,553	191,561	11,093	344,207
	<u>2,328,565</u>	<u>2,984,860</u>	<u>187,042</u>	<u>5,500,467</u>
Taxes Uncollected 2005 Rolls				
General Fund	1,233	48,969	2,087	52,289
1993 Debt Service Fund	49	1,954	83	2,086
1996 Debt Service Fund	62	2,507	106	2,675
1999 Debt Service Fund	53	2,120	90	2,263
2003 Debt Service Fund	226	9,041	383	9,650
2005 Debt Service Fund	168	6,718	284	7,170
Building and Site Fund	69	2,739	116	2,924
	<u>1,860</u>	<u>74,048</u>	<u>3,149</u>	<u>79,057</u>
Taxes Collected 2005 Rolls				
General Fund	1,030,405	1,180,793	83,323	2,294,521
1993 Debt Service Fund	100,992	134,782	7,835	243,609
1996 Debt Service Fund	129,601	172,963	10,055	312,619
1999 Debt Service Fund	109,566	146,224	8,500	264,290
2003 Debt Service Fund	467,325	623,684	36,256	1,127,265
2005 Debt Service Fund	347,332	463,544	26,947	837,823
Building and Site Fund	141,484	188,822	10,977	341,283
	<u>2,326,705</u>	<u>2,910,812</u>	<u>183,893</u>	<u>5,421,410</u>
Delinquent Taxes Collected				
General Fund	540	24,405	-	24,945
1993 Debt Service Fund	19	866	-	885
1996 Debt Service Fund	24	1,112	-	1,136
1999 Debt Service Fund	21	940	-	961
2003 Debt Service Fund	181	7,896	-	8,077
	<u>785</u>	<u>35,219</u>	<u>-</u>	<u>36,004</u>

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
Summary of 2005 Taxes Levied and Collected
For the year ended June 30, 2006

	Kent County			
	Townships of		City of Walker	Total
	Alpine	Plainfield		
Total Taxes Collected				
General Fund	1,030,945	1,205,198	83,323	2,319,466
1993 Debt Service Fund	101,011	135,648	7,835	244,494
1996 Debt Service Fund	129,625	174,075	10,055	313,755
1999 Debt Service Fund	109,587	147,164	8,500	265,251
2003 Debt Service Fund	467,506	631,580	36,256	1,135,342
2005 Debt Service Fund	347,332	463,544	26,947	837,823
Building and Site Fund	141,484	188,822	10,977	341,283
	<u>\$ 2,327,490</u>	<u>\$ 2,946,031</u>	<u>\$ 183,893</u>	<u>\$ 5,457,414</u>
Taxes Uncollected – June 30, 2006				
General Fund:				
2005	\$ 1,233	\$ 48,969	\$ 2,087	\$ 52,289
2004	155	32,521	3,686	36,362
2003	7,689	17,122	5,817	30,628
	<u>9,077</u>	<u>98,612</u>	<u>11,590</u>	<u>119,279</u>
1993 Debt Service Fund:				
2005	49	1,954	83	2,086
2004	6	1,108	131	1,245
2003	279	622	205	1,106
	<u>334</u>	<u>3,684</u>	<u>419</u>	<u>4,437</u>
1996 Debt Service Fund:				
2005	62	2,507	106	2,675
2004	60	4,707	445	5,212
2003	943	2,907	711	4,561
	<u>1,065</u>	<u>10,121</u>	<u>1,262</u>	<u>12,448</u>
1999 Debt Service Fund:				
2005	53	2,120	90	2,263
2004	58	4,496	420	4,974
2003	859	2,586	658	4,103
	<u>970</u>	<u>9,202</u>	<u>1,168</u>	<u>11,340</u>
2003 Debt Service Fund:				
2005	226	9,041	383	9,650
2004	46	4,087	675	4,808
2003	1,304	664	1,064	3,032
	<u>1,576</u>	<u>13,792</u>	<u>2,122</u>	<u>17,490</u>
2005 Debt Service Fund:				
2005	168	6,718	284	7,170
Building and Site Fund:				
2005	69	2,739	116	2,924
Total Taxes Uncollected	<u>\$ 13,259</u>	<u>\$ 144,868</u>	<u>\$ 16,961</u>	<u>\$ 175,088</u>

**COMSTOCK PARK
PUBLIC SCHOOLS**
Kent County, Michigan

Auditor's Report On Compliance
For Federal Grant Programs

For the year ended June 30, 2006

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COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2006

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Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

July 17, 2006

The Board of Education
Comstock Park Public Schools
Comstock Park, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Comstock Park Public Schools as of and for the year ended June 30, 2006, which collectively comprise Comstock Park Public School's basic financial statements and have issued our report thereon dated July 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Comstock Park Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The Board of Education
Comstock Park Public Schools
July 17, 2006

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Comstock Park Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldrin, Nichols & Barten, P.C.

Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

July 17, 2006

The Board of Education
Comstock Park Public Schools
Comstock Park, Michigan

Compliance

We have audited the compliance of Comstock Park Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Comstock Park Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Comstock Park Public School's management. Our responsibility is to express an opinion of Comstock Park Public School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Comstock Park Public School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Comstock Park Public School's compliance with those requirements.

In our opinion, Comstock Park Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

The Board of Education
Comstock Park Public Schools
July 17, 2006

Internal Control Over Compliance

The management of Comstock Park Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Comstock Park Public School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comstock Park Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated July 17, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Comstock Park Public School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldrin, Nichols & Austin, P.C.

Certified Public Accountants

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I:	84.010	
0515300405		\$170,970
0515300506		43,144
0615300506		238,083
Total Title I		452,197
Title IIA:	84.367	
0505200405		59,690
0505200506		6,094
0605200506		65,940
Total Title IIA		131,724
Title IID:	84.318	
0542900405		3,837
0542900506		1,604
0642900506		4,442
Total Title IID		9,883
Title V:	84.298	
0602500506		978
State Plan Self Review:	84.027	
060440		4,130
Total Passed Through MDE		598,912
Passed through Marquette-Alger Schools: Personnel Development Mini-Grant:	84.027A	
050470-1D3320620 03001		4,439

(Continued)

Accrued (Deferred) Revenue July 1, 2005	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2006
\$46,997	\$170,970		\$46,997	
		\$43,144	43,144	
		213,938	150,725	\$63,213
46,997	170,970	257,082	240,866	63,213
19,820	59,690		19,820	
		6,094		6,094
		65,940	16,989	48,951
19,820	59,690	72,034	36,809	55,045
1,824	3,837		1,824	
		1,604		1,604
		4,442		4,442
1,824	3,837	6,046	1,824	6,046
	1,418	978		978
		2,815		2,815
68,641	235,915	338,955	279,499	128,097
4,439	4,439		4,439	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**COMSTOCK PARK PUBLIC SCHOOLS**

For the year ended June 30, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Passed through Kent Intermediate School District (KISD): Safe and Drug Free Schools and Communities Act: 062860506	84.186	<u>\$6,945</u>
Special Education Cluster: I.D.E.A. - Flow Through: Flow Through - 0504500405 Flow Through - 0604500506	84.027	<u>474,212</u> <u>490,123</u>
Total I.D.E.A. – Flow Through		<u>964,335</u>
I.D.E.A. – TMT/Transitions: TMT – 0504800405	84.027A	<u>556</u>
I.D.E.A. – Preschool: Preschool – 0504600405 Preschool – 0604600506	84.173	<u>27,617</u> <u>24,123</u>
Total I.D.E.A. – Preschool		<u>51,740</u>
Total Special Education Cluster		<u>1,016,631</u>
Total Passed Through KISD		<u>1,023,576</u>
Total U.S. Department of Education		<u>1,626,927</u>
U.S. Department of Health and Human Services Passed Through Kent Intermediate School District (KISD): School Based Medicaid	93.778	<u>3,907</u>
Total U.S. Department of Health and Human Services		<u>3,907</u>

(Continued)

Accrued (Deferred) Revenue July 1, 2005	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2006
	\$6,734	\$6,945	\$6,945	
\$118,566	474,212	490,123	118,566 368,064	\$122,059
118,566	474,212	490,123	486,630	122,059
556	556		556	
6,906	27,617	24,123	6,906 18,116	6,007
6,906	27,617	24,123	25,022	6,007
126,028	502,385	514,246	512,208	128,066
126,028	509,119	521,191	519,153	128,066
199,108	749,473	860,146	803,091	256,163
	1,174	3,907	2,676	1,231
—	1,174	3,907	2,676	1,231

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**COMSTOCK PARK PUBLIC SCHOOLS**

For the year ended June 30, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Agriculture Nutrition Cluster		
Passed Through Michigan Department of Education (MDE):		
National School Lunch Program:		
Lunches:		
Section 4 – Total Servings – 1950	10.555	\$40,460
Section 11 – Free and Reduced – 1960		161,022
Total Lunches		201,482
Breakfast:		
Total Servings – 1970	10.553	9,386
Free and Reduced – 1970		35,473
Total Breakfast		44,859
Special Milk – 1940	10.556	7,589
USDA Commodities:		
Bonus Commodities	10.550	2,641
Entitlement Commodities		13,698
Total USDA Commodities		16,339
Total U.S. Department of Agriculture (Passed Through MDE)		270,269
Total Federal Financial Assistance		\$1,901,103

- Notes: 1. The schedule was prepared using accounting policies consistent with those used in preparing the Basic Financial Statements.
2. The amounts reported on the R7120, Grant Section Auditors Report, reconcile with this schedule.
3. This amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with this schedule for USDA donated food commodities.

Accrued (Deferred) Revenue July 1, 2005	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2006
	\$34,899	\$40,460	\$40,460	
	130,639	161,022	161,022	
—	165,538	201,482	201,482	—
	6,206	9,386	9,386	
	20,517	35,473	35,473	
—	26,723	44,859	44,859	—
	7,405	7,589	7,589	
	3,677	2,641	2,641	
	12,747	13,698	13,698	
—	16,424	16,339	16,339	—
—	216,090	270,269	270,269	—
\$199,108	\$966,737	\$1,134,322	\$1,076,036	\$257,394

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2006

Section I – Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X Yes No

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

No matters reported.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COMSTOCK PARK PUBLIC SCHOOLS

For the year ended June 30, 2006

Note A – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Title I	\$257,082	\$257,082	
Title IIA	72,034	72,034	
Title IID	6,046	6,046	
Title V	978	978	
Safe and Drug Free Schools and Communities Act	6,945	6,945	
State Plan Self Review	2,815	2,815	
I.D.E.A.	514,246	514,246	
School Based Medicaid	3,907	3,907	
Nutrition Cluster	270,269	270,269	
	\$1,134,322	\$1,134,322	—

Hungerford, Aldrin,
Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

July 17, 2006

The Board of Education
Comstock Park Public Schools

The following comments pertain to our audit of the financial records of Comstock Park Public Schools as of and for the year ended June 30, 2006. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the District's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Comstock Park Public Schools:

Auditors Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Comstock Park Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Comstock Park Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Comstock Park Public School's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Comstock Park Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Comstock Park Public School's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Comstock Park Public Schools are described in Note A to the financial statements.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing the audit of the financial statements of Comstock Park Public Schools for the year ended June 30, 2006. We found the internal control structure and accounting system to be basically adequate and operating in the manner intended.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements:

General Fund

1. \$26,338 and \$27,344 to record and write off current and prior year delinquent personal property taxes receivable at June 30, 2006.
2. \$26,928 to reverse accounts payable for special education transportation to KISD at June 30, 2005.
3. \$65,512 to record accounts receivable for Medicaid fee for service from the KISD at June 30, 2006.
4. \$19,920 and \$5,775 to reverse and accrue accrued interest payable on the prior and current year state aid anticipation loans.
5. \$80,071 to record an additional payable to the KISD for special education itinerants at June 30, 2006.

Food Service Fund

1. \$16,339 to record federal bonus and entitlement commodities received during the year.

Debt Service Funds

1. \$31,435, \$108,132, \$56,409 and \$91,262 to adjust July 1, 2005 fund balances to actual in the four Debt Service Funds.

Proposed Audit Adjustments

There were no material adjustments proposed during the audit not recorded by Comstock Park Public Schools.

Suggestions And Recommendations

We offered suggestions and recommendations regarding the day-to-day operations of the accounting system of Comstock Park Public Schools to the Business Manager as the topics arose during the course of our audit fieldwork. Hopefully, these suggestions will ease the day-to-day operations of the business office and assist in more efficient monthly and year-end financial record keeping and reporting.

Other Comments

The General Fund balance of the District increased by \$59,004 to \$1,277,931 at June 30, 2006. This new balance represents 6.21 percent of the District's 2006-07 expenditure budget (down from 6.38 percent at June 30, 2005). Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for Comstock Park Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Our audit this year was again completed under the requirements of Statement on Auditing Standards No. 99 "Consideration of Fraud in a Financial Statement Audit" (SAS No. 99), which requires both auditors and their clients to more directly and openly assess those areas within a school district that might be susceptible to fraudulent activity, which would normally include those areas outside the central office that handle cash, inventory, supplies, etc. This is an important audit standard that requires increased face-to-face discussions/interviews with client personnel and extensive documentation of our findings for future reference. We found that Comstock Park Public Schools has a very extensive network of internal controls within its accounting and record keeping system, and found those tested this year to be operating in the manner intended. Working with District business office personnel, we will be testing other control areas each year as a part of our audit, with suggestions and recommendations to follow the testing each year, to assist the District in maintaining and improving its systems.

This communication is intended solely for the information and use of the Comstock Park Public Schools Board of Education, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Education as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Comstock Park Public Schools and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the District's administration and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communications, we will be happy to address them.

Hungerford, Aldine, Nichols & Martin, P.C.

Certified Public Accountants